May 15, 2006

SPECIFIC PURPOSE FUNDING FOR PROSTHETICS

1. PURPOSE: This Veterans Health Administration (VHA) Directive provides the procedures for managing Specific Purpose funding of the Prosthetics Program.

2. BACKGROUND

- a. Prosthetics is a VHA Special Emphasis program and serves almost a quarter of the unique Social Security Numbers (SSNs) in VHA. As a result of Eligibility Reform in 1996, prosthetics workload and expenditures have increased dramatically each subsequent year. Prior to 1998, prosthetics funding was earmarked as specific purpose. In 1998, it was the decision of the Department of Veterans Affairs Central Office to place the funding for the Prosthetics Program under General Purpose funds. As a result of this change, the level of care and the timely delivery of prosthetic appliances and services decreased significantly. For this reason, the Under Secretary for Health issued a memorandum on October 2, 2000, mandating that funding for prosthetics would once again be placed under Specific Purpose funding, effective Fiscal Year (FY) 2001.
- b. VHA recently approved the merger of Prosthetics and Sensory Aids Service and the Office of Clinical Logistics at the Central Office level; however, Specific Purpose funding for Prosthetics must not be affected by the merger of the two offices, and it must continue to be a mainstay in providing prosthetic devices and services to our veterans.
- **3. POLICY:** It is VHA policy that prosthetics funding fall under Specific Purpose funding.

4. ACTION

- a. VHA Chief Financial Officer (CFO). VHA CFOs are responsible for:
- (1) Collaborating with the Prosthetics and Clinical Logistics Office to set aside adequate Specific Purpose funding for Prosthetics.
- (2) Assisting the Prosthetics and Clinical Logistics Office in monitoring obligations and expenditures throughout the course of the year, and assisting in reviewing the roll up of these financial measures in each network.
- (3) Assisting the Prosthetics and Clinical Logistics Office in transferring funds between networks if analysis by the Prosthetic Resource Utilization Workgroup (PRUW) determines such action is needed.
- b. <u>The Prosthetics and Clinical Logistics Office.</u> The Prosthetics and Clinical Logistics Office is responsible for:
 - (1) Collaborating with the VHA CFO office to:

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- (a) Identify system-wide prosthetic funding needs for the Prosthetics Program.
- (b) Develop a national budget.
- (2) Through PRUW, developing Veterans Integrated Services Network (VISN)-specific allocations for prosthetics.
- (3) Collaborating with the VHA CFO Office, the VISN CFOs, and the VISN Prosthetics Representatives (VPRs) to recommend facility-level allocations for prosthetics funding.
- (4) Continual monitoring and oversight of the prosthetic budget by continuing the PRUW. The characteristics of the current membership are to be maintained (VA Central Office Prosthetics, VA Central Office Finance, VISN CFO, VPRs, etc.). Representatives from other offices may be added, as necessary.
- (5) Determining if a reserve must be held in VA Central Office at the start of the new fiscal year and work in concert with the PRUW to determine how the reserve (if applicable) needs to be distributed.
- (6) Providing the equipment if a facility referral results in a prescription for an appliance by the prescribing facility's Prosthetic Treatment Center or Prosthetic Service unless arrangements between the affected VPRs have been made. The most efficient, cost-effective method of procurement must be employed to ensure the continuum of care for the patient is not compromised (i.e., a hospital bed that may be available for delivery from referral site's contract vendor may be the best source in filling an order than having the prescribing facility order and/or ship across VISN lines). If a facility referral results in a surgical procedure involving any type of Prosthetic implant, the facility performing the surgery is responsible for the cost of the implant(s).
- c. <u>The Prosthetic Resource Utilization Workgroup (PRUW).</u> The PRUW is responsible for:
- (1) Providing reports of findings, conclusions, and recommendations to the Chief Prosthetics and Clinical Logistics Officer on issues related to resource utilization in the prosthetics programs.
- (2) Continuing production of a scorecard that measures VISN prosthetic budget management efficiencies and compliance with national contracts.
- (3) Providing advice and assistance to the Prosthetics and Clinical Logistics Office in the development of VISN level prosthetics budgets.
 - d. The Veterans Integrated Service Network (VISN). The VISNs are responsible for:
- (1) Funding all prosthetic needs from Specific Purpose prosthetic funds. VISNs must retain the responsibility for funding any additional needs from General Purpose funding, if necessary. The prosthetic orders must not be delayed for a lack of funds.

- (2) Ensuring accurate prosthetics data input throughout the VISN by:
- (a) Entering all prosthetic orders into the National Prosthetic Patient Database (NPPD), i.e., surgical implants, audiology, etc.
 - (b) Ensuring appropriate use of prosthetic cost centers and budget object codes.
- (c) Managing inventory through the Prosthetic Inventory Package (PIP) to maximize appropriate resource utilization.
- e. <u>VISN Prosthetics Representatives (VPR) and VISN CFOs.</u> VPRs and VISN CFOs share responsibility for:
 - (1) Monitoring and oversight of the prosthetics budget in the network.
- (2) Developing facility-level distributions for prosthetics based on the VISN allocation, including providing training to network prosthetics and fiscal staffs on the use of fiscal accounts for prosthetics.
- **5. REFERENCES:** PRUW Charter dated October 16, 2000, signed by Frederick Downs, Jr., Chief Consultant, Prosthetics and Sensory Aids Strategic Healthcare Group, and the Specific Purpose Funding Memo dated October 2, 2000, signed by the Under Secretary for Health.
- **6. FOLLOW-UP RESPONSIBILITY:** The Chief Prosthetics and Clinical Logistics Officer (10FP) and the Chief Financial Officer (17) are jointly responsible for the contents of this Directive. Questions may be referred to the Chief Prosthetics and Clinical Logistics Officer at 202-254-0440.
- **7. RESCISSIONS:** VHA Directive 2001-008 dated February 14, 2001, is rescinded. This VHA Directive expires May 31, 2011.

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